FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 9.1.2010

New York Times: "Staff Losses and Dissent May Hurt Crisis Panel ... With less than four months left to complete its work, the group appointed by Congress to examine the causes of the financial crisis has been hampered by an exodus of senior employees and by internal disagreements that could hinder its ability to produce a report the entire commission could support."

New York Times: "No Charges for Moody's in Ratings Violation ... The Securities and Exchange Commission said Tuesday that it had declined to charge Moody's Investors Service for violating securities laws by failing to comply with its own procedures for rating complex derivative securities in 2007. The decision followed an S.E.C. investigation, and the commission used the opportunity to warn all of the national credit rating agencies that it would use new powers under the Dodd-Frank banking law to take action against similar conduct, even if it occurred outside the United States, as the Moody's case did."

New York Times: "Fed Divided on Move to Buy U.S. Debt ... Federal Reserve officials expressed considerable uncertainty before they took a nearly unanimous vote on Aug. 10 to take a modest step to bolster the flagging recovery, according to the central bank's minutes of the meeting. The meeting, which lasted 5 hours and 35 minutes, longer than usual, ended with the Federal Open Market Committee, which sets monetary policy, voting 9 to 1 to use proceeds from the Fed's mortgage bonds to buy long-term Treasury securities."

New York Times: "Lawyers for Lehman Are Seeking Records From Hedge Funds and Goldman ... Nearly two years after the collapse of Lehman Brothers, some on Wall Street still wonder whether a handful of the nation's most powerful hedge funds conspired to push the 158-year-old financial giant into bankruptcy while making big profits for themselves. Now, in search of a smoking gun, a law firm hired by the estate of Lehman Brothers Holdings has demanded trading records, e-mail and other correspondence for all of 2008 from a collection of prominent hedge funds and the venerable Goldman Sachs."

New York Times: "Ex-Chief Haunts Bank of America ... The ghost of the former chief executive Ken Lewis keeps haunting Bank of America. Since he resigned almost a year ago, the Charlotte-based bank has made progress. Yet its stock has fallen 37 percent from this year's high, more than rivals, and now trades at a whopping 42 percent discount to last quarter's book value."

Washington Post: "For banks, good news on earnings but not risk of failure ... Lenders posted their biggest quarterly profit in almost three years, even as the number of banks at risk of failure rose to 11 percent of insured institutions, the Federal Deposit Insurance Corp. said Tuesday. Bank-industry profits totaled $21.6 billion in the three-month period that ended June 30, an increase from $18 billion in the first quarter, the FDIC said in its quarterly report on the industry's performance."

Washington Post: "10 bailed-out banks spent $16.3M lobbying in 1H ... The 10 banks that received the most bailout aid during the financial crisis spent over $16 million on lobbying efforts in the first half of 2010, as the debate over financial regulatory reform reached its height. Disclosure reports show that the banks that got the most government help in late 2008 and early 2009 also invested the most to influence members of Congress, the White House, the Federal Reserve, Treasury Department and a long list of federal agencies as new rules were enacted governing Wall Street and the nation's financial system."

USA Today: "SEC warns credit rating firms against misleading investors ... The Securities and Exchange Commission has declined to seek fraud charges against Moody's Investors Services over its ratings of risky investments that led to the financial crisis. But the SEC said it decided against seeking civil charges only because it determined it lacked authority to charge a foreign affiliate of Moody's. Instead, in a report on its investigation, the SEC warned all credit rating agencies that they could face charges if they mislead investors with deceptive ratings."

USA Today: "JPMorgan Chase halting proprietary trading ... A source familiar with the situation says JPMorgan Chase (JPM) is shutting down its proprietary trading desks and eliminating dozens of jobs to comply with new restrictions on investment banks. The overhaul of financial regulations signed into law in July limits proprietary trading in which an investment bank trades on its own accounts for its own profit, rather than on behalf of clients. The source says JPMorgan Chase is responding by closing proprietary desks that trade stocks, bonds and commodities. The desks are in several locations around the globe. Roughly 80 employees will lose their jobs."